

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Washtenaw Transportation Study		County Washtenaw	
Fiscal Year End 6/30/2006		Opinion Date 8/17/06		Date Audit Report Submitted to State 9/29/06			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

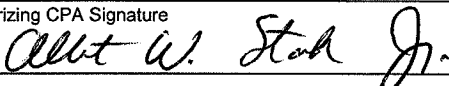
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☒ ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Wakechild & Stanek, CPAs, P.C.			Telephone Number 810-229-0234	
Street Address 2209 Euler Road Ste 3			City Brighton	State MI
			Zip 48114	
Authorizing CPA Signature 		Printed Name Albert W. Stanek, Jr.		License Number 1101017268

WASHTENAW AREA TRANSPORTATION STUDY

**Annual Financial Statements
and
Auditors' Report**

June 30, 2006 and 2005

WASHTENAW AREA TRANSPORTATION STUDY COMMITTEE

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June 30, 2006 and 2005

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Wakechild & Stanek, CPAs P.C.

Independent Auditors' Report

To the Board of Directors of
Washtenaw Area Transportation Study:

We have audited the accompanying statement of condition of Washtenaw Area Transportation Study ("the Committee") as of June 30, 2006 and 2005 and the related statements of revenues, expenditures and changes in fund balance and of cash flows for the years then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Committee as of June 30, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purposes of forming an opinion on the financial statements taken as a whole. The supplemental schedules at June 30, 2006 and 2005 and for the years then ended are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplemental schedules have been subjected to our audit procedures.

Wakechild + Stanek, CPAs, P.C.

Brighton, Michigan
August 17, 2006

WASHTENAW AREA TRANSPORTATION STUDY**Statement of Condition****June 30, 2006 and 2005**

<u>Assets</u>		
	2006	2005
Current assets:		
Cash and cash equivalents	\$ 64,251	\$ 96,578
Short term investments	182,513	139,223
Grants receivable	156,365	127,996
Prepaid Expenses	2,618	3,891
Total Current Assets	405,747	367,688
Property and equipment:		
Equipment	124,286	121,799
Accumulated depreciation	(109,692)	(94,115)
	14,594	27,684
Total Assets	\$ 420,341	\$ 395,372
<u>Liabilities and Fund Balance</u>		
Current liabilities:		
Accounts payable	\$ 21,423	\$ 24,098
Accrued sick and vacation pay	25,080	19,084
Deferred revenue	373,838	352,190
Total Current Liabilities	420,341	395,372
Fund balance	-	-
Total liabilities and fund balance	\$ 420,341	\$ 395,372

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended June 30, 2006 and 2005

	2006	2005
Revenues:		
Federal Highway Administrative Grant	\$ 270,537	\$ 249,938
Federal Transit Administrative Grant	12,816	12,814
Membership dues and local funding	63,353	49,363
Section 5313(b)	16,800	-
STP Urban	-	30,612
State Asset Management	19,729	14,718
Interest income	5,942	5,579
Miscellaneous	464	143
	<u>\$ 389,641</u>	<u>\$ 363,167</u>
Operating expenses:		
Plan monitoring	63,368	80,757
Plan development	102,217	61,762
Planning services	34,785	33,329
Plan implementation	54,504	54,057
Administrative staff	37,892	34,852
Rent	34,923	34,923
Depreciation	15,577	17,286
Printing	5,158	3,771
Supplies	4,015	3,145
Telephone	1,441	1,522
Travel	5,652	5,754
Postage	1,268	2,048
Insurance	25,153	20,526
Equipment	1,618	1,947
Training	2,070	3,138
Audit	-	4,350
	<u>389,641</u>	<u>363,167</u>
Total operating expenses	<u>389,641</u>	<u>363,167</u>
Revenue over(under) expense	\$ -	\$ -
Fund balance:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY

Statement of Cash Flows

For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Revenues over (under) expenses	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	15,577	17,286
(Increase) decrease in operating assets:		
Grants receivable	(28,369)	38,191
Prepaid expenses	1,273	398
Increase (decrease) in operating liabilities		
Accounts payable	(2,675)	14,529
Accrued sick and vacation pay	5,996	(8,757)
Deferred revenue	<u>21,648</u>	<u>23,590</u>
Net cash provided by operating activities	<u>13,450</u>	<u>85,237</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	(43,290)	(4,197)
Purchase of fixed assets	<u>(2,487)</u>	<u>(2,843)</u>
Net cash used by investing activities	<u>(45,777)</u>	<u>(7,040)</u>
Net increase (decrease) in cash	(32,327)	78,197
Cash, beginning	<u>96,578</u>	<u>18,381</u>
Cash, ending	<u>\$ 64,251</u>	<u>\$ 96,578</u>

The accompanying notes are integral part of the financial statements.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Washtenaw Area Transportation Study ("the Committee") is an Intermunicipality Committee organized under Act 200 of the Michigan Public Acts of 1957.

The Committee has been established in response to the requirements of the Federal Highway Act of 1962 to coordinate transportation planning among state and local communities.

Voting members of the Committee and the percent of membership dues contributed by each are as follows:

Ann Arbor Transportation Authority	15.3%
City of Ann Arbor	10.6%
City of Chelsea	1.2%
City of Saline	1.2%
City of Ypsilanti	2.1%
Dexter Township	1.2%
Village of Dexter	1.2%
Southwest Washtenaw COG	1.2%
Township of Ann Arbor	1.2%
Township of Northfield	1.2%
Township of Pittsfield	2.8%
Township of Scio	1.2%
Township of Superior	1.2%
Township of Ypsilanti	4.4%
University of Michigan	15.3%
Washtenaw County Board of Commissioners	23.4%
Washtenaw County Road Commission	15.3%

Ex-officio members of the Committee include the Southeast Michigan Council of Governments and the Federal Highway Administration.

Basis of accounting

The accounts are maintained and the financial statements are reported on the accrual basis of accounting.

Under the accrued basis of accounting, revenues are recorded when they are susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue recognition

The Committee provides transportation planning services funded by the Federal Highway Administration ("FHWA") under Section 112, Federal Transit Administration ("FTA"), and Michigan Department of Transportation. The Committee is required to provide a matching share of grant sponsored activities. Membership dues paid by participating municipal units provide matching funds. State of Michigan funds are also non federal and may also be used as match.

Revenue from grants and special studies are earned when the related expenditures are incurred.

Cash

For purpose of the statement of cash flows, cash includes cash maintained in a bank.

Equipment

The Committee capitalizes expenditures for equipment. Costs of maintenance and repairs are charged to expense when incurred. Equipment is carried at cost. Adjustments of equipment and related accumulated depreciation accounts are made for retirements and disposals.

Depreciation

Depreciation of equipment is computed using the straight-line method over a useful life of three and five years.

Deferred revenue

Deferred revenue represents membership dues in excess of amounts currently required as local match under federal grants. Historically, members have contributed dues in excess of the amount required to match federal funds to provide working capital to the Committee. Such amounts will be recognized as revenue in future years to meet local match requirements.

Bad debt expense and allowance for doubtful accounts

Bad debt expense represents uncollectible revenue billed in prior years. The committee has determined that all receivables are collectible. Accordingly, no allowance for bad debts has been recorded at June 30, 2006 and 2005.

Fair value of financial instruments

The carrying amounts reported in the balance sheets for cash, receivables, prepaid expenses and liabilities approximate fair value due to the short-term nature of the instruments.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – GRANT REVENUE BILLED:

Grant revenue provided by various programs requires a matching percentage from the local members of the Committee. The applicable local match percentages are as follows:

FHWA	18.15%
FTA	20.00%
STP	18.15%
Section 5313 (b)	20.00%
State Asset Management	0.00%

A reconciliation of revenue to amounts billed to the FHWA, FTA, STP and Section 5313(b) at June 30, 2006 and 2005:

	FHWA	FTA	STP	Section 5313(b)	State Asset Mgmt.
Year ended June 30, 2006					
Eligible expenditures	\$ 330,527	\$ 16,020	\$ -	\$ 21,000	\$ 19,729
Federal percentage	81.85%	80.00%	81.85%	80.00%	0.00%
Total revenue earned	270,537	12,816	-	16,800	19,729
Revenue billed	270,537	12,816	-	16,800	19,729
Total under(over) billed revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Year ended June 30, 2005					
Eligible expenditures	\$ 305,362	\$ 16,017	\$ 37,400	\$ -	\$ 14,718
Federal percentage	81.85%	80.00%	81.85%	80.00%	0.00%
Total revenue earned	249,939	12,814	30,612	-	14,718
Revenue billed	251,286	12,814	30,612	-	14,718
Total under(over) billed revenue	<u>\$ (1,347)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2006 and 2005

NOTE 3 – OPERATING LEASE:

The Committee leases its facilities under an operating lease agreement which requires monthly payments of \$2,910 through December of 2017. Total rental expense for the years ended June 30, 2006 and 2005 was \$34,923 for both years.

Minimum future lease payments under non cancelable operating leases having remaining terms in excess of one year for each of the next five years and in aggregate are :

Year ended June 30,	
2007	34,923
2008	34,923
2009	34,923
Subsequent	<u>259,012</u>
	<u>\$ 363,781</u>

NOTE 4 – PENSION:

The Committee sponsors a Simplified Employee Pension (SEP) Program and contributes an amount equal to 15 percent of each full-time employee's salary to an SEP program selected by the employee. Pension expense for the years ended June 30, 2006 and 2005 was \$32,124 and \$34,151, respectively.

NOTE 5 – DUES AND LOCAL FUNDING:

A portion of the dues was used as a match for federal funding. The remaining amount was deferred and will be recognized as revenue in future years to meet local match requirements.

A reconciliation of the membership dues received at June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Membership dues	\$ 85,000	\$ 85,000
Deferred revenue	<u>21,647</u>	<u>35,637</u>
Membership dues funding	<u>\$ 63,353</u>	<u>\$ 49,363</u>

NOTE 6 – CONCENTRATION OF CREDIT RISK:

The Committee has several cash accounts in various financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The amount in excess of the FDIC uninsured amounts at June 30, 2006 and 2005, was \$4,202 and \$1,989, respectively.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2006 and 2005

NOTE 7 - CONTINGENCIES:

The Committee is involved in a complaint with a former employee. The Committee cannot predict the outcome of the complaint or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2006

	2006 Budget	2006 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 351,939	\$ 270,537	(81,402)
Federal Transit Administrative Grant	12,815	12,816	1
Membership dues and local funding	85,000	63,353	(21,647)
Section 5313(b)	-	16,800	16,800
State - Asset Management	19,000	19,729	729
Interest income	2,746	5,942	3,196
Miscellaneous	-	464	464
	<u>\$ 471,500</u>	<u>\$ 389,641</u>	<u>(81,859)</u>
Operating expenses:			
Plan monitoring	80,000	63,368	16,632
Plan development	88,500	102,217	(13,717)
Planning services	66,000	34,785	31,215
Plan implementation	93,000	54,504	38,496
Administrative staff	42,000	37,892	4,108
Rent	35,000	34,923	77
Depreciation	-	15,577	(15,577)
Printing	4,000	5,158	(1,158)
Supplies	4,000	4,015	(15)
Telephone	2,000	1,441	559
Travel	5,400	5,652	(252)
Postage	2,000	1,268	732
Insurance	26,000	25,153	847
Equipment	16,600	1,618	14,982
Training	4,000	2,070	1,930
Audit	3,000	-	3,000
	<u>471,500</u>	<u>389,641</u>	<u>81,859</u>
Total operating expenses	<u>471,500</u>	<u>389,641</u>	<u>81,859</u>
Revenue over(under) expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2005

	2005 Budget	2005 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 306,785	\$ 249,938	(56,847)
Federal Transit Administrative Grant	12,815	12,814	(1)
Membership dues and local funding	84,000	49,363	(34,637)
STP Urban	24,022	30,612	6,590
State Asset Management	15,000	14,718	(282)
Interest income	3,000	5,579	2,579
Miscellaneous	-	143	143
	<u>\$ 445,622</u>	<u>\$ 363,167</u>	<u>(82,455)</u>
Operating expenses:			
Plan monitoring	87,635	80,757	6,878
Plan development	87,526	61,762	25,764
Planning services	63,526	33,329	30,197
Plan implementation	73,408	54,057	19,351
Administrative staff	39,527	34,852	4,675
Rent	34,923	34,923	-
Depreciation	-	17,286	(17,286)
Printing	4,500	3,771	729
Supplies	4,000	3,145	855
Telephone	2,500	1,522	978
Travel	5,577	5,754	(177)
Postage	2,000	2,048	(48)
Insurance	21,500	20,526	974
Equipment	15,500	1,947	13,553
Training	5,500	3,138	2,362
Audit	4,500	4,350	150
	<u>452,122</u>	<u>363,167</u>	<u>88,955</u>
Total operating expenses	<u>452,122</u>	<u>363,167</u>	<u>88,955</u>
Revenue over(under) expense	<u>\$ (6,500)</u>	<u>\$ -</u>	<u>\$ (6,500)</u>

The accompanying notes are an integral part of the financial statements.